

1 Plaintiffs hereby join in the response (Dkt. 541) filed by Receiver W. Lawrence
 2 Patrick to the Status Report (Dkt. 540) filed by Defendants Royce International
 3 Broadcasting Corp., Edward R. Stolz, II, Playa Del Sol Broadcasters and their
 4 counsel Donald Charles Schwartz. As the Receiver ably demonstrates, Defendants
 5 and Mr. Schwartz have not paid the Rule 11 sanctions imposed by the Court in its
 6 October 31, 2023 Order (Dkt. 536, “the Order”), and the Status Report submitted by
 7 Defendants on January 5, 2024 is replete with untenable excuses, misstatements and
 8 misdirection. Plaintiffs write separately to make and echo the following points.

9 **First**, there is nothing unclear about the Order. It expressly states that
 10 Defendants and Mr. Schwartz are *jointly and severally* obligated to pay Plaintiffs
 11 \$48,725.70 and the Receiver \$48,182.00. Dkt. 536.¹

12 **Second**, although the Order was appealed by Defendants, they have neither
 13 posted a bond to stay enforcement of the award nor sought a waiver of the bond
 14 posting requirement.

15 **Third**, Mr. Schwartz did not individually appeal the Order. Dkt. 537.

16 **Fourth**, the Order does not violate any bankruptcy stay. Mr. Stolz filed for
 17 bankruptcy protection *after* the Order was entered, and pre-petition sanctions are
 18 excepted from the automatic stay. *Dingley v. Yellow Logistics, LLC (In re Dingley)*,
 19 852 F.3d 1143 (9th Cir. 2017) (contempt proceeding to collect previously awarded
 20 discovery sanctions is not stayed). Mr. Schwartz falsely asserts that his Chapter 13
 21 bankruptcy was “pending” when the Order was issued, but in fact *his bankruptcy was*
 22 *dismissed nearly two months before the Order*.

23 **Fifth**, Defendants’ claimed impoverishment is not an excuse, and simply is not
 24 credible given the history of Defendants’ financial representations to this and other
 25 Courts. Over the eight-year span since the action was filed, Defendants’ sworn

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 27 ¹ Defendants and Mr. Schwartz do not even mention in their Status Report the amount
 28 due to Plaintiffs. So the record is crystal clear: neither Defendants nor Mr. Schwartz
 have paid the sanctions owed to Plaintiffs.

statements regarding their supposed financial condition have vacillated wildly depending on what best suits their litigation cause *du jour*. For example, and as the Court will likely recall, during post-judgment discovery, Defendant Stolz repeatedly swore that he lacked any assets to satisfy the judgment entered against him. *See, e.g.*, Dkt. 220-2, ¶ 4. Yet, when this Court took the extraordinary step of appointing a receiver over Defendants' radio station assets, Stolz (within a matter of weeks) quickly "discovered" funds to pay off the judgment. Dkt. 321 (Defendants' Ex Parte Application For Order To Compel Plaintiffs To Accept Payment Of The Amended Judgment). That Defendants now plead poverty as an excuse for their failure to pay a sanctions award should come as no surprise; it is par for the course. The Court should give no weight to these claims.

In short, Defendants and Mr. Schwartz continue to flout the authority of this Court and the rule of law, and Plaintiffs respectfully suggest that the Court take all steps necessary to enforce the Order, including such further fines, sanctions, or an Order to Show Cause re Contempt as the Court deems just and proper.

Dated: January 16, 2024

ARNOLD & PORTER KAYE SCHOLER LLP

By: /s/ Sharon D. Mayo

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CERTIFICATE OF SERVICE

I hereby certify that on **January 16, 2024**, the following document described as: **PLAINTIFFS' RESPONSE TO DEFENDANTS' STATUS REPORT RE PAYMENT OF RULE 11 SANCTIONS** was filed with the Clerk of the United States District Court for the Central District of California using the court's electronic filing system (ECF), in compliance with Civil L.R. 5-1. The ECF system serves a "Notice of Electronic Filing" to all parties and counsel who have appeared in this action and who have consented under Civil L.R. 5-1 to accept that Notice as service of this document.

/s/ Sharon D. Mayo

Sharon D. Mayo